ABBEY NATIONAL TREASURY SERVICES INVESTMENTS LIMITED

Registered in England and Wales
No. 3406902

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2014

ABBEY NATIONAL TREASURY SERVICES INVESTMENTS LIMITED
COMPANY NUMBER: 3406902
REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December 2014.

This Directors' report has been prepared in accordance with the special provisions relating to small companies under Sections 415A (1) & (2) of the Companies Act 2006.

Principal activity and review of the year

The principal activity of Abbey National Treasury Services Investments Limited (the "Company") is to act as an investment company.

The Directors' Report has been prepared in accordance with the special provisions available to companies entitled to the small companies exemption and therefore does not include a Strategic Report.

Results and dividends

The loss for the year on ordinary activities after taxation amounted to £14,068 (2013 Profit : £1,602,027). The Directors do not recommend the payment of final dividend (2013: £nil).

The Company has not paid any interim dividend for the year (2013: £755,917,444)

Directors

The Directors who served throughout the year and to the date of this report were as follows:

David M Green
Mark C Jackson
Richard C Truelove

Statement of Directors' responsibilities

The Directors are responsible for preparing the report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions,. other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records which are sufficient to show and explain the Company's transactions and which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE DIRECTORS (continued)

Statement of Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out above. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. In addition, notes 2 and 10 to the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposures to credit risk, liquidity risk and market risk.

The Company is part of the Santander UK group. The Directors have taken account of the fact that the Board of Santander UK plc has confirmed that Santander UK plc is a going concern. The Company has adequate financial resources. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. However as a result of a subsidiary optimisation programme undertaken by the parent during the year, a decision has been made to liquidate the Company in the near future. As required by IAS 1 'Presentation of Financial Statements', management has prepared the financial statements on the basis that the Company is no longer a going concern. Preparation of the financial statements on an "other than going concern" basis has had no impact on the amounts reported.

Qualifying Third Party Indemnities

Enhanced indemnities are provided to the Directors of the Company by Santander UK plc against liabilities and associated costs which they could incur in the course of their duties to the Company. All of the indemnities remain in force as at the date of this Report and Accounts. A copy of each of the indemnities is kept at the registered office address of Santander UK plc.

Auditor

Each of the Directors as at the date of approval of this report has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

In accordance with Sections 485 and 487 of the Companies Act 2006, Deloitte LLP are deemed to have been re-appointed as auditor of the Company.

By Order of the Board

For and on behalf of
Santander Secretariat Services Limited, Secretary

29 May 2015

Registered Office Address: 2 Triton Square, Regent's Place, London, NW1 3AN

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABBEY NATIONAL TREASURY SERVICES INVESTMENTS LIMITED

We have audited the financial statements of Abbey National Treasury Services Investments Limited for the year ended 31 December 2014 which comprise the Income Statement, Statement of Comprehensive Income, the Statement of Changes in Equity, the Cash Flow Statement, the Balance Sheet, and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in Note 1 to the financial statements, the Company in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the financial statements comply with IFRSs as issued by the IASB.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Directors' report.

Tom Millar (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory
Auditor
London, United Kingdom
29 May 2015

ABBEY NATIONAL TREASURY SERVICES INVESTMENTS LIMITED
COMPANY NUMBER: 3406902

FINANCIAL STATEMENTS
For the year ended 31 December 2014

Income Statement
For the year ended 31 December 2014

	Note	2014 £	2013 £
Continuing operations			
Net Interest (expenses)/income		(14,391)	1,958,304
Investment income		-	99,759
Other operating expenses		(156)	(952)
(Loss)/profit before tax		(14,547)	2,057,111
Tax	4	479	(455,084)
Net (loss)/profit attributable to equity holders of the Company		(14,068)	1,602,027

The accompanying notes form an integral part of the financial statements.

Statement of Comprehensive Income
For the year ended 31 December 2014

	2014 £	2013 £
(Loss)/profit for the year	(14,068)	1,602,027
Total comprehensive (expense)/ income for the year	(14,068)	1,602,027
Attributable to equity holders of the Company	(14,068)	1,602,027

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity
For the year ended 31 December 2014

	Share Capital £	Retained Earnings £	Total £
Balance at 1 January 2013	750,060,000	4,477,252	754,537,252
Comprehensive income – profit for the year	-	1,602,027	1,602,027
Capital reduction	(750,059,900)	750,059,900	-
Dividends paid	-	(755,917,444)	(755,917,444)
Balance at 31 December 2013	100	221,735	221,835
Balance at 1 January 2014	100	221,735	221,835
Comprehensive income – loss for the year	-	(14,068)	(14,068)
Balance at 31 December 2014	100	207,667	207,767

The accompanying notes form an integral part of the financial statements.

Cash Flow Statement
For the year ended 31 December 2014

	Note	2014 £	2013 £
Net cash generated from operating activities	8	2,079	505,916,490
Investing activities			
Proceeds from share distribution and share sale		-	250,000,000
Net cash flows from investing activities		-	250,000,000
Financing activities			
Dividends paid		-	(755,917,444)
Net cash used in financing activities		-	(755,917,444)
Net increase/(decrease) in cash and cash equivalents		2,079	(954)
Cash and cash equivalents at beginning of year		205,640	206,594
Cash and cash equivalents at end of year		207,719	205,640

The accompanying notes form an integral part of the financial statements.

ABBEY NATIONAL TREASURY SERVICES INVESTMENTS LIMITED
COMPANY NUMBER: 3406902

FINANCIAL STATEMENTS
For the year ended 31 December 2014

Balance Sheet
At 31 December 2014

	Notes	2014 £	2013 £
Current assets			
Loans and receivables	5	371,330	557,750
Cash and cash equivalents		207,719	205,640
Total assets		579,049	763,390
Current liabilities			
Trade and other payables	6	(371,282)	(541,555)
Total liabilities		(371,282)	(541,555)
Net assets		207,767	221,835
Equity			
Share capital	7	100	100
Retained earnings		207,667	221,735
Equity attributable to equity holders of the Company		207,767	221,835

The accompanying notes form an integral part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 29 May 2015.

They were signed on its behalf by: D. Green

Director

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

1. Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union that are effective or available for early adoption at the Company's reporting date. The Company, in addition to complying with its legal obligation to comply with IFRSs as adopted for use in the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board. These financial statements have been prepared on an "other than going concern" basis as disclosed in the Directors' Statement of Going Concern set out in the Report of the Directors. This had no material impact on the amounts and classification reported.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

Recent accounting developments

In 2014, the Company adopted the following new accounting pronouncements and amendments to standards which became effective for financial years beginning on 1 January 2014.

(a) IAS 32 'Financial Instruments: Presentation' - In December 2011, the IASB issued amendments to IAS 32 entitled 'Offsetting Financial Assets and Financial Liabilities' which clarified the requirements for offsetting financial instruments and addressed inconsistencies in current practice when applying the offsetting criteria in IAS 32 'Financial Instruments: Presentation'. The amendments are effective for annual periods beginning on or after 1 January 2014 with early adoption permitted and are required to be applied retrospectively. The amendments did not have a material effect on the Company's financial statements.

(b) There are a number of other changes to IFRS that were effective from 1 January 2014. Those changes did not have a significant impact on the Company's financial statements.

Future accounting developments

The Company has not yet adopted the following significant new or revised standards and interpretations, and amendments thereto, which have been issued but which are not yet effective for the Company:

a) IFRS 9 'Financial Instruments' ('IFRS 9') – In July 2014, the IASB issued the final version of IFRS 9 which includes the completion of all phases of the project to replace IAS 39 'Financial Instruments: Recognition and Measurement' as discussed below.

Phase 1: Classification and measurement of financial assets and financial liabilities. Financial assets are classified on the basis of the business model within which they are held and their contractual cash flow characteristics. The standard also introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments. The requirements for the classification and measurement of financial liabilities were carried forward unchanged from IAS 39, however, the requirements relating to the fair value option for financial liabilities were changed to address own credit risk and, in particular, the presentation of gains and losses within other comprehensive income.

Phase 2: Impairment methodology. IFRS 9 fundamentally changes the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit. It is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses, and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

Phase 3: Hedge accounting. These requirements align hedge accounting more closely with risk management and establish a more principle-based approach to hedge accounting. Dynamic hedging of open portfolios is being dealt with as a separate project and until such time as that project is complete, entities can choose between applying the hedge accounting requirements of IFRS 9 or to continue to apply the existing hedge accounting requirements in IAS 39. The revised hedge accounting requirements in IFRS 9 are applied prospectively.

The effective date of IFRS 9 is 1 January 2018. For annual periods beginning before 1 January 2018, an entity may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated at fair value through profit or loss. At the date of publication of the Company's financial statements the standard is awaiting EU endorsement and the impact of the standard is currently being assessed. It is not yet practicable to quantify the effect of IFRS 9 on these financial statements.

1. Accounting policies (continued)

Future accounting developments (continued)

b) There are a number of other standards which have been issued or amended that are expected to be effective in future periods. However, it is not practicable to provide a reasonable estimate of their effects on the Company's financial statements until a detailed review has been completed.

Revenue recognition

Interest income and expense

Interest income on financial assets that are classified as loans and receivables and interest expense on financial liabilities is determined using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the future cash flows are estimated after considering all the contractual terms of the instrument but not future credit losses. The calculation includes all amounts paid or received by the Company that are an integral part of the overall return, direct incremental transaction costs related to the acquisition, issue or disposal of a financial instrument and all other premiums or discounts.

Income taxes, including deferred income taxes

Income tax payable on profits, based on the applicable tax law in each jurisdiction is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available, against which these losses can be utilised.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

The Company classifies its financial assets, including intercompany financial assets as loans and receivables. Management determines the classification at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. They arise when the entity provides money or services directly to a customer with no intention of trading the loan. Loans and receivables are initially recognised at fair value including direct and incremental transaction costs. They are subsequently valued at amortised cost, using the effective interest method. They are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all of the risks and rewards of ownership.

Impairment of financial assets

At each balance sheet date, the Company assesses whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets classified as loans and receivables have become impaired. Evidence of impairment may include indications that the borrower or group of borrowers have defaulted or are experiencing significant financial difficulty.

Impairment losses are recognised in the income statement and the carrying amount of the financial asset or group of financial assets is reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

A write off is made when all collection procedures have been completed and is charged against previously established provisions for impairment.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

1. Accounting policies (continued)

Financial liabilities

The entity classifies its financial liabilities, including intercompany financial liabilities, as deposits and payables which are held at amortised cost unless designated as held at fair value through profit and loss. The carrying value of financial liabilities is a fair approximation of their fair values.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are shown at cost less provision for impairment. The cost of an acquisition is measured at the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition, plus costs directly attributable to the acquisition.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term investments in securities.

Share capital

Incremental external costs directly attributable to the issue of new shares, other than on a business combination, are deducted from equity net of any related income taxes.

Dividends paid

Dividends on ordinary shares are recognised in equity in the period in which they are declared and approved.

2. Financial risk management

As a result of its normal business activities, the Company is exposed to a variety of risks, the most significant of which are credit risk, liquidity risk and market risk. The Company manages its risk in line with the central risk management function of the Santander UK Group. Santander UK Group's Risk Framework ensures that risk is managed and controlled on behalf of shareholders, customers, depositors, employees and the Santander UK Group's regulators. Effective and efficient risk governance and oversight provide management with assurance that the Santander UK Group's business activities will not be adversely impacted by risks that could have been reasonably foreseen. This in turn reduces the uncertainty of achieving the Santander UK Group's strategic objectives.

Authority flows from the Santander UK plc Board to the Chief Executive Officer and from her to specific individuals. Formal standing committees are maintained for effective management of oversight. Their authority is derived from the person they are intended to assist. Further information can be found in the Santander UK plc Annual Report which does not form part of this Report.

Credit risk

Credit risk is the risk that counterparties will not meet their financial obligations and may result in the Company losing the principal amount lent, the interest accrued and any unrealised gains, less any security held. It occurs in intercompany assets held by the Company.

Maximum exposure to credit risk without taking into account collateral or credit enhancements can be found in note 5 to the financial statements.

Liquidity risk

Liquidity risk is the potential that, although remaining solvent, the Company does not have sufficient liquid financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost.

The Company manages liquidity risk by maintaining sufficient liquid resources to ensure it can meet its obligations as they fall due.

Maturities of financial liabilities can be found in note 6 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

2. Financial risk management (continued)

Market risk

Market risk is the potential for loss of income or decrease in the value of net assets caused by movements in the levels and prices of financial instruments. Market risk arises as a result of interest rates and exposures to changes in equity markets. The Company's income is exposed to movements in the LIBOR interest rate on receivables relating to amounts due by group companies. Payables on amounts due to group companies are non interest bearing.

Sensitivity analysis

A 50 basis point adverse movement in rates would result in a fall in revenue of £ 8,708 (2013: £1,958,304) A 50 basis point favourable movement in rates would result in an increase in revenue of £ 12,815 (2013: £2,495,741).

3. Profit from operations

No Directors were remunerated for their services to the Company. Directors' emoluments are borne by the ultimate UK parent company, Santander UK plc. No emoluments were paid by the Company to the Directors during the year (2013: £nil).

The Company had no employees in the current or previous financial year.

The statutory audit fee for the current and prior year has been paid on the Company's behalf by the ultimate UK parent company, Santander UK plc, in accordance with Company policy, for which no recharge has been made. The statutory audit fee for the current year is £5,079 (2013: £5,000).

4. Tax

	2014 £	2013 £
Current tax:		
UK corporation tax on profit of the year	(479)	455,084
Tax (credit)/charge for the year	(479)	455,084

UK corporation tax is calculated at 21.5% (2013: 23.25%) of the estimated assessable profits for the year. The standard rate of UK corporation tax was reduced from 23% to 21% with effect from 1 April 2014.

The Finance Act 2013, which provides for a reduction in the main rate of UK corporation tax to 20% effective from 1 April 2015, was enacted on 17 July 2013.

The tax on the Company's (loss)/profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	2014 £	2013 £
(Loss) / profit before tax:	(14,547)	2,057,111
Tax calculated at a tax rate of 21.5% (2013: 23.25%)	(3,128)	478,278
Effect of tax rate differential	12	-
Non-taxable income	-	1
Non taxable dividend income	-	(58,124,796)
Non taxable on deductible loss on sale of subsidiary undertakings	-	58,124,772
Non taxable gain on sale of subsidiary undertakings	-	(23,171)
Adjustment to prior year provisions	2,637	-
Tax (credit)/charge for the year	(479)	455,084

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

5. Loans and receivables

	2014 £	2013 £
Current		
Amount due from parent undertaking – group relief	-	-
Amounts due from group companies	371,330	557,750
	371,330	557,750

The Directors consider that the carrying value of amounts due from group companies approximates to their fair value.

Amounts due from group companies are repayable on demand. Interest is fixed monthly at LIBOR (2013: LIBOR less 10 basis points).

6. Trade and other payables

	2014 £	2013 £
Amount due to parent undertaking	371,282	474,384
Amount due to parent undertaking – group relief	-	67,171
	371,282	541,555

The Directors consider that the carrying amount of trade payables approximates to their fair value. The amount is interest bearing and repayable on demand (2013: The amount is non interest bearing and repayable on demand).

7. Share capital

	2014 £	2013 £
Issued and fully paid:		
100 Ordinary shares of £1 each	100	100

8. Cash flow statement

Reconciliation of profit before tax to net cash flow from operating activities:

	2014 £	2013 £
(Loss)/profit before tax	(14,547)	2,057,111
Change in receivables	186,420	504,428,392
Change in payables	(169,794)	(569,013)
Net cash flow generated from operating activities	2,079	505,916,490

Where tax liabilities have been group relieved, they are accounted for as operating payables.

9. Related party transactions

Trading transactions
During the year, the Company entered into the following transactions with related parties who are not members of the Company:

	Net (expenses)/income		Amounts owed by related parties		Amounts owed to related parties	
	2014 £	2013 £	2014 £	2013 £	2014 £	2013 £
Parent company	(14,391)	1,958,304	371,330	557,750	371,282	541,555

No Director or management personnel received any remuneration (2013: £nil).

There were no related party transactions during the year, or existing at the balance sheet date, with the Company or parent company's key management personnel.

10. Capital management and resources

The Company's ultimate UK parent, Santander UK plc, adopts a centralised capital management approach, based on an assessment of both regulatory requirements and the economic capital impacts of businesses in the Santander UK Group. The Company has no non-centralised process for managing its own capital. Disclosures relating to the Santander UK Group's capital management can be found in the Santander UK plc Annual Report and Accounts.

Capital held by the Company and managed centrally as part of the Santander UK Group, comprises share capital and reserves which can be found in the Balance Sheet on page 5.

11. Parent undertaking and controlling party

The Company's immediate parent company is Abbey National Treasury Services plc, a company registered in England and Wales.

The Company's ultimate parent undertaking and controlling party is Banco Santander, S.A., a company registered in Spain. Banco Santander, S.A. is the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member. Abbey National Treasury Services plc is the immediate parent undertaking of the smallest group of undertakings for which the group accounts are drawn up and of which the Company is a member.

Copies of all sets of group accounts, which include the results of the Company, are available from Secretariat, Santander UK plc, 2 Triton Square, Regent's Place, London, NW1 3AN.